

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3960-01
Bill No.: HB 1684
Subject: Transportation; Gambling; Constitutional Amendment.
Type: Original
Date: February 14, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Public Transit Subaccount *	\$48,670,406	\$97,340,812	\$97,340,812
Total Estimated Net Effect on <u>All</u> State Funds*	\$48,670,406	\$97,340,812	\$97,340,812

*** Based upon Constitutional amendment approval by Missouri voters**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal Funds*	\$3,650,280	\$7,300,560	\$7,300,560
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$3,650,280	\$7,300,560	\$7,300,560

*** Based upon Constitutional amendment approval by Missouri voters**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

In response to similar legislation from this year, officials from the **Missouri Gaming Commission (GAM)** stated this proposal does not affect the operation of the Gaming Commission. GAM stated that excursion gambling boat admissions are projected at \$48,670,406 annually. GAM estimates that a \$2.00 increase in the admission fee would generate \$97,340,812 annually. For FY 2003, this would be \$81,117,350 for the ten months from the effective date of August 28, 2002.

Officials from the **Department of Transportation (DHT)** state this legislation increases riverboat gambling admission fees from \$2 to \$4 and requires the revenue increase to be deposited into a "Public Transit Subaccount Fund." Monies in the Public Transit Subaccount Fund are to be used to maintain or operate public transportation facilities or projects. The additional revenues would allow DHT to significantly increase funding for public transportation providers.

DHT states that no additional personnel will be needed to administer the program if the additional funding is received. Additional revenue is not expected to significantly affect the number of providers receiving funding, but amounts received by current providers will significantly increase.

DHT estimated the increase in the admission fee to generate \$48,250,000 in revenue in FY 2003, \$97,223,000 in FY 2004 and \$97,952,000 in FY 2005. These estimates are based upon a projected rate of growth of 0.75% through FY 2005.

In response to similar legislation from this year, officials from the **Department of Mental Health (DMH)** stated the legislation would increase admission fees to gambling boats by \$2, of which 10% would be appropriated to the division of mental retardation and developmental disabilities to provide transportation services to individuals with developmental disabilities. DMH stated that according to the Missouri Riverboat Gambling Association, there were 47,452,483 admissions in 2001. Based on these admissions, \$9,490,497 ($47,452,483 \times \$2 \times 10\%$) would be appropriated to the division of mental retardation and developmental disabilities for transportation services.

DMH stated that approximately 50% of the transportation services are provided through the Medicaid Waiver program, for which DMH pays 40% match with general revenue funds.

DMH stated that the division contracts for transportation services through the Purchase of Services system and would need no additional personnel to procure these additional services.

ASSUMPTION (continued)

Oversight assumes the increase in Federal funding based upon the 10% allocation to the Division of Mental Retardation and Developmental Disabilities (DMRDD) and the 60% federal match would be roughly \$7,300,560.

$\$97,340,812 \times 10\%$ (\$9,734,081 to DMRDD) $\times 50\%$ (50% can be used for Medicaid Waiver Program) = \$4,867,040

$\$4,867,040 / 40\% \times 60\%$ (60% federal match on portion of funds that can be used for Medicaid Waiver Program) = \$7,300,560.

Officials from the **Office of Secretary of State - Administrative Rules Division (SOS)** assume there would be costs due to additional publishing duties related to the Gaming Commission, Department of Transportation, and the Division of Mental Retardation and Developmental Disabilities' authority to promulgate rules, regulations, and forms. SOS estimates these agencies could require approximately 8 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 16 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$540, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue** and the **State Treasurer's Office** each state this proposal would not fiscally impact their respective agencies.

In response to similar legislation from this year, officials from the **Department of Public Safety - Missouri Highway Patrol** assumed this proposal would not fiscally impact their agency.

Oversight assumes the Constitutional amendment would be put before the voters in the November, 2002 election. If approved, Oversight assumes the effective date of the increased gaming admission fee would be January 1, 2003, therefore, Oversight has reflected 6 months of increased admission fee revenue in FY 2003.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
PUBLIC TRANSIT SUBACCOUNT			
<u>Income</u> - Increased gaming boat admission fee by \$2.00 (90%)	\$43,803,365	\$87,606,731	\$87,606,731
<u>Income</u> - Increased gaming boat admission fee by \$2.00 (10%)	<u>\$4,867,041</u>	<u>\$9,734,081</u>	<u>\$9,734,081</u>
ESTIMATED NET EFFECT TO THE PUBLIC TRANSIT SUBACCOUNT*	<u>\$48,670,406</u>	<u>\$97,340,812</u>	<u>\$97,340,812</u>

* Based upon a Constitutional amendment approved by Missouri voters

FEDERAL FUNDS

<u>Income</u> - Federal match on Medicaid Waiver Program	<u>\$3,650,280</u>	<u>\$7,300,560</u>	<u>\$7,300,560</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS*	<u>\$3,650,280</u>	<u>\$7,300,560</u>	<u>\$7,300,560</u>

* Based upon a Constitutional amendment approved by Missouri voters

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal authorizes a \$2 increase in admission fees for persons embarking on excursion gambling boats. The increase in revenue will be credited to a newly created "Public Transit

Subaccount Fund." Revenue in this account will be used to maintain or operate public transportation facilities. Ten percent of these revenues will be appropriated to the Division of Mental Retardation and Development Disabilities to provide transportation services for those with developmental disabilities.

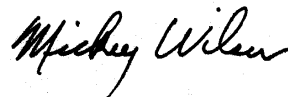
The proposal's effective date is contingent on the passage of a constitutional amendment.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Missouri Gaming Commission
State Treasurer's Office
Department of Revenue
Department of Transportation
Department of Mental Health
Department of Public Safety

NOT RESPONDING: Office of Administration - Division of Budget and Planning



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